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December 19, 2007



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AZ CORP COMMISSION
DOCKET CONTROL

Commissioner Kristin Mayes
Arizona Corporate Commission
Commissioner Wing
1200 W. Washington - 2nd Floor
Phoenix, AZ. 85007

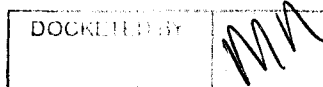
Arizona Corporation Commission

DOCKETED

RE: Docket No. G-01551A-07-0504

DEC 21 2007

Dear Commissioner Mayes,



Hear we go again. I am writing you in regards to the application submitted by Southwest Gas Corporation, Docket No. G-01551A-07-0504, requesting a change in the rate charged to its customers.

I have read the application, supporting schedules, and testimony submitted by Southwest Gas Corporation. I am not an expert in the fields of rates and tariffs, incentive programs like MIP/SERP, business/financial risks, or pricing; I am just a customer of Southwest Gas Corporation. I would like to discuss the testimony given by Mr. Roger C. Montgomery, Vice President of Pricing; Mr. Robert A Mashas, Director of Revenue Requirement; Ms. Laura Lopez Hobbs, Director of Human Resources; and Mr. A. Brooks Congdon, Manager of Pricing and Tariffs.

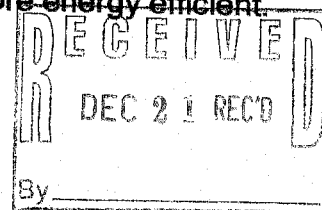
Testimony given by Mr. Robert A. Mashas, stated that the reasons for the request of a rate increase was due to 6 underlying causes.

1. Declining average residential usage
2. The loss of general service customers
3. Increased expenses
4. Company's overall cost of capital
5. Inclusion of incentive plans (MIP/SERP)
6. Costs resulting from changes in rate base.

In this letter I would like to cover reasons 1, 2, and 5.

Reasons 1 and 2.

These two reasons can be put together as they both are about loss revenue due to customers either using less gas or changing from gas to electricity. Testimony given by Mr. Montgomery and Mr. Congdon also mentioned reasons 1 and 2. It has been pounded into our heads that we must conserve our natural resources. Manufacturers have been given the challenge to make better products that are more energy efficient.



The consumer has been told that we should lower the winter settings on our heaters and raise the summer setting for the air conditioner to use less energy. We do what has been suggested and what is the outcome?

The outcome is that we are penalized for following the suggestions from the federal government and our utility suppliers. The utility company's revenue is reduced due to our efforts and they are no longer receiving what they determine to be an authorized rate of return. So they come to the commission and request a rate increase so they can continue getting more and more money.

It seems to me that even if current customers are reducing the amount of gas they are using, which would be single digit therms per month. With less gas being used, they are purchasing less and therefore saving money. There are also more new customers being connected to the gas lines and each of them would be using gas to cover the reduction made by many existing customers and more.

It seems to me that what we should do is forget about conservations and use more energy. Then the corporation will make more than the authorized rate of return and our rates will decrease rather than increase. In the end we, the customers, will be saving money.

Reason 3.

Testimony given by Ms. Hobbs, Mr. Mashas, and Mr. Congdon expressed an opinion that incentive programs should be a part of the reason for the requested increase. In a previous decision made by the commission, No. 68487, the commission reduced to 50% the amount on some of the requests, but allowed 100% on the remaining.

I feel that incentives should not be a part of any rate increase, or even a part of the cost of doing business. What the corporation does with its money is up to them but I do not feel that we, the customer, should be required to pay more for our services so that the officers and executives can receive large increases in bonuses, pension plans, and stock options. You will notice that I did not include salaries. Salaries are a legitimate expense of doing business.

In the 2004 decision, No. 68487, the Commission stated, "*We encourage parties to seek rate design alternatives that will truly encourage conservation efforts, while at the same time providing benefits to all affected stakeholders.*" Are customer's considered part of the stakeholders, or just those who are shareholders? If it is just the shareholders, then it is a win, win situation for the utility. They can do what they want with the income they receive and if there is not enough to go around, the Arizona Corporate Commission (ACC) has mandated that they can get more.

Commissioner Mayes Letter
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It is my hope that this is not the philosophy of the Commission. There must be consideration given to the customer. It has been my experience in dealing with the ACC that some of the commissioners are more interested in helping big business and forgetting about the little guy, the person who may be on a fixed income, has extensive medical bills, or is out of work.

Thank you for your time.

Respectfully,

A handwritten signature in cursive script that reads "Fred Hofmann". The signature is written in dark ink and is positioned above the printed name.

Fred Hofmann
7147 E. Texas Ebony Dr.
Gold Canyon, AZ. 85218-5076